

OIL SANDS MEDIA MONITORING REPORT

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CanadaWest
FOUNDATION

Our Vision

A dynamic and prosperous West in a strong Canada.

Our Mission

A leading source of strategic insight, conducting and communicating non-partisan economic and public policy research of importance to the four western provinces and all Canadians.

Overview

The amount of oil sands coverage was down slightly in October compared to September. Environmental coverage held steady, with negative stories down and positive and neutral stories up. There was a slight increase in negative stories in the Canadian media, but significant drops in both the international and web media, while all categories showed increases in positive and neutral environmental stories.

The drop in overall coverage came from economic news. There was mild fluctuation in economic coverage in the Canadian and international media, but a large drop in the amount of economic stories online.

The key themes of October's oil sands coverage were the continuing protests by Greenpeace and the fallout caused in Alberta. While Greenpeace's protests moved from Alberta to the United

States and France, responses by Alberta's government continued to stir controversy in Canada.

Debate over the role of carbon capture and storage (CCS) in making the oil sands more environmentally friendly continued. The Alberta and federal governments financially backed CCS, while a report co-produced by the World Wildlife Fund attacked it.

There were, however, positive developments on the issue of tailings ponds. Suncor's new process for reclaiming tailings ponds gathered the most interest, but Freestone and Petrobank also had breakthroughs that could help reduce tailings ponds either through cleaner extraction of bitumen or reduced water usage.

Methodology

The media monitoring process used for this report made use of the Google search engine's Google Alerts feature. Each day, the Google engine searched the internet for related stories and delivered the hits in an email. Three search terms were used to guide the internet searches: "oil sands," "oilsands" and "tar sands." The vast majority of sites criticising the oil sands use the more pejorative term "tar sands," so in order to receive a more complete snapshot of public opinion the term was included in the search. Also included in the search was the French term for oil sands, "sables bitumineux," in order to bring in stories from the French language media.

This process brought in several hundred items: once re-posts and stories not connected or only peripherally connected to the oil sands were weeded out, there remained a total of 363 stories over the course of October 2009. These stories were gathered from blogs, environmental and economic websites and media outlets reaching audiences around Canada and the world.

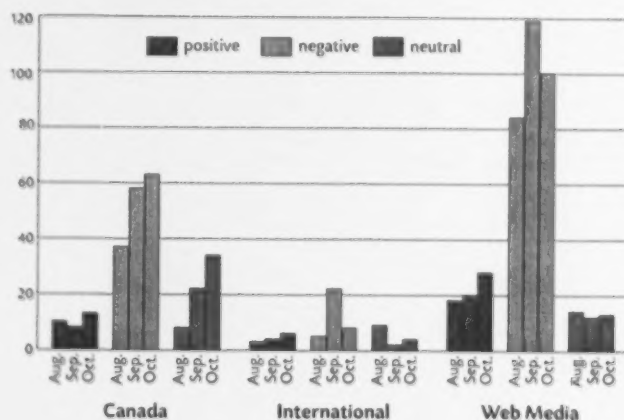
The stories were analyzed and broken into two categories: environmental and economic. Stories that portrayed the oil sands in a positive light through their contribution to the Canadian economy, value to energy security or advances in efficiency, or stories in which corporations and governments defend the development of the oil sands were classified as "positive." Stories whose focus was on the costs of oil sands development such as carbon emissions, water use, job loss or falling stock prices, or stories that called attention to such costs without also presenting the benefits of the oil sands were classified as "negative." Stories that discussed the oil sands without comment on their costs or benefits, or which discussed both equally, were classified as "neutral."

Key Stories

September's key story continued into October, as Greenpeace's protests against the oil sands continued and Alberta Premier Ed Stelmach's aggressive reaction kept them in the news.

October began with the final of three protests by Greenpeace, in which members broke into one of Suncor's sites and blocked two conveyor belts in order to disrupt activity while unfurling banners calling the oil sands "climate crime." After three days, the

Environmental stories (August-October 2009)



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protest ended in arrests, but unlike the previous two incidents the surrounding stories continued over the following weeks.

A primary reason for these protests' continued coverage was the response of Premier Stelmach. After the third break-in, the Premier stated that the protesters were being "coddled," also dismissing them as "tourists trying to tell Albertans how to manage their own resource," as only one of the protesters arrested is a native Albertan. Stelmach then claimed that the protesters would be dealt with more harshly. This comment is what truly gave the story its legs. Premier Stelmach appeared to be claiming that the provincial government would be attempting to influence the courts in order to ensure punishment, something outside the government's purview. Much negative coverage ensued, featuring discussion of both Greenpeace's agenda and accusations of judicial meddling by the Premier. The Premier denied any judicial meddling, yet continued to insist that he would put an end to the "coddling" of Greenpeace protesters. This statement did little to silence accusations of judicial tampering.

Negative reactions to the Premier also spiked over comments that the provincial government was considering using anti-terrorism measures against protesters. Using such measures against protesters engaged in non-violent civil disobedience was seen as an over-reaction by Premier Stelmach.

Coverage of the protests, arrests and Premier Stelmach's reactions accounted for over half the negative environmental stories in the Canadian media and nearly a quarter of those from the web media.

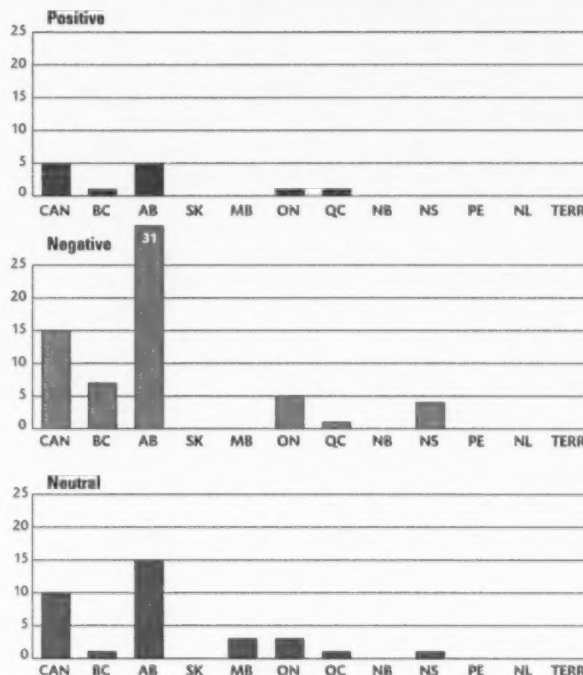
While this story played out in Alberta, Greenpeace moved their efforts elsewhere. Greenpeace began targeting oil sands consumers in the US and investors in Europe. The most notable incident took place at a Total refinery in France, where protesters, using the same tactics as those in the Alberta protests, broke into the facility and unfurled anti-oil sands banners. These international protests were covered six times by Canadian outlets and seven times through web media, but received very little coverage internationally. Only two references were found to the Total protest in media outlets outside of Canada, and no other activity was noted.

Greenpeace has issued statements that they intend to continue to protest the oil sands as the world is preparing for the United Nations Climate Change Conference in Copenhagen on December 7-18.

Environmental

Carbon capture and storage continues to be a subject of debate. The Canadian and US governments see it as key to a reduced-

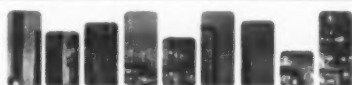
Environmental stories by province (October 2009)



carbon energy strategy, both in terms of oil sands extraction and refinement and the more carbon-intensive coal-fired power plants. However, other groups disagree on the value of CCS, decrying it as too expensive and not effective enough. Both sides of the argument received coverage in October, although the anti-CCS arguments were more widely covered.

The positive CCS coverage in October focused on the Alberta and federal government's combined investment of \$865 million into a joint CCS project with Shell. This is the largest step thus far towards developing CCS technology for the oil sands, and as such was largely seen as positive. There were exceptions, however. Some stories on this investment questioned why the oil companies aren't footing a larger portion of the bill for a technology that is being developed for their use. Most, however, interpreted this as government action on carbon emissions, something that climate change commentators state is needed.

While this investment resulted in several positive stories online, there were far less in the Canadian media. Canadian media stories on CCS were mostly negative, regarding it as a "pipe dream" or a political rather than environmental fix. Some questioned the cost of CCS and the dangers should carbon dioxide stored underground escape to the surface. These stories were particularly common in eastern Canada.



The largest blow to CCS came from a report released in October. The report, released by Co-operative Financial Services and the World Wildlife Fund, claimed that even the "most wildly optimistic" projections of how much carbon could be sequestered through CCS were insufficient to bring emissions from the oil sands down to the levels of conventional fossil fuels. The study claims that an 85% reduction in emissions would be necessary, while CCS could at best reduce emissions by 50%.

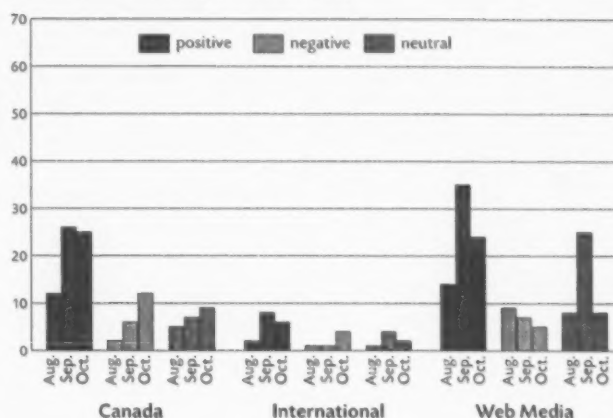
A second report in October discussed the depletion of a natural defence against climate change. Global Forest Watch Canada released a report stating that industry estimates of oil sands carbon emissions being 5-15% higher than conventional crude do not take into account the carbon released through the removal of the boreal forest. Another story later in the month showed how the carbon absorption of the boreal forest is being taken seriously: provincial governments are working with Aboriginal leaders to protect 250 million acres of forest, banning logging, mining and oil drilling. This protection drive is spurred by the finding that 22% of the total carbon stored on Earth's land surface is trapped in the trees, wetlands, peat and tundra of Canada's northern forests. Global Forest Watch Canada's report argues that the carbon released by removing sections of those forests in order to mine bitumen must be added to the wells-to-wheels estimate of oil sands carbon emissions.

The Rainforest Action Network continued its protests against the Royal Bank of Canada for financing oil sands operations, but they continued to draw less attention than the protests of Greenpeace. RAN operatives protested through a fake coffee shop outside RBC headquarters in Toronto, a "die-in" at one of RBC's branches, in which protesters feigned death from oil sands contaminants, and protests against the Olympics and Toronto International Film Festival, which are supported by RBC. These protests only managed seven web media stories, three of which were on RAN's own website.

On the positive side, several breakthroughs to make oil sands extraction cleaner were announced in October. Most significant was a process developed by Suncor to reclaim tailings ponds in weeks, rather than the years or even decades currently required. Their process, called Tailings Reduction Operations, mixes liquid tailings with a polymer to create a dry material suitable for land reclamation. The drying process takes only weeks, and could be used to reduce future tailings as well as treat the existing ponds. Suncor's TRO process is currently awaiting regulatory approval.

Also awaiting regulatory approval in Alberta is Petrobank's Toe-to-Heel-Air-Injection system. Already approved in Saskatchewan, the THAI process injects air into the ground to create an underground fire, which melts and partially upgrades bitumen, allowing it to be pumped out rather than mined. The process

Economic stories (August-October 2009)



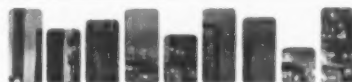
requires no water and very little natural gas, making extraction cleaner than standard in situ techniques.

Finally, Freestone Resources, Inc. has developed a proprietary technique called EncapSol Oil Extraction. EncapSol is a chemical process which cleanly breaks the bonds between hydrocarbons and minerals such as sand, clay or rock, replacing the need to heat and wash the mixture and therefore reducing the use of natural gas and water. It is described as a "closed-loop" process that does not emit any water or air pollution. If successful, this process could reduce carbon emissions and tailings ponds.

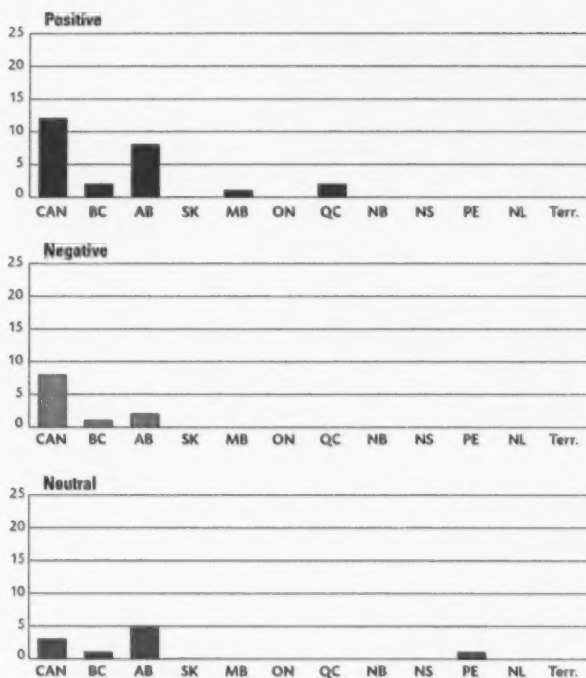
Economic

There were very few key trends in the economic oil sands stories in October. Isolated stories discussed the importance of the oil sands to North American energy security, or stated that the oil sands remain a lucrative investment opportunity. New projects from EnCana or progress on pipelines garnered positive stories, while reports that Shell intends to hold off on new projects until oil prices rise or production costs lower resulted in negative coverage.

The most reported economic story of October was the announcement that ConocoPhillips was putting its share of oil sands conglomerate Syncrude up for sale. Stories on this decision were neutral: while ConocoPhillips' decision to pull out of the oil sands was difficult to see as positive, they did announce that they were confident in the value of the stake they were selling. Coverage began to swing towards positive as Canadian Oil Sands was quickly identified as the most likely buyer. That ConocoPhillips' Syncrude holdings were seen as a desirable purchase helped put the potential sale in a positive light.



Economic stories by province (October 2009)



Foreign investment in the oil sands continues to be a subject of interest. Less than two months after China entered Alberta's oil sands with PetroChina's purchase of Athabasca Oil Sands Corporation, South Korea has done likewise. Korean National Oil Corporation purchased Harvest Energy Trust, gaining access to its BlackGold oil sands leases. KNOC's purchase did not inspire the same flurry of coverage that PetroChina's did. Coverage of KNOC's purchase moved towards examining how Alberta's oil sands are attractive to foreign investors, and how international purchases into the oil sands are increasing in recent months.

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